

KREAB Newsletter



Volume 7

July 2014

Number 1



www.kreab.ky.gov

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James Grawe, legal counsel for KREAB, announced his retirement at the May Board meeting. Mr. Grawe began working as Legal Counsel for the Kentucky Real Estate Appraisers Board on October 24, 1997.



Mr. Harold Brantley, Chairperson for the KREAB presents a plaque to Mr. James J. Grawe, Assistant Attorney General at the June 27th Board Meeting held at the KREAB office in Richmond, KY

After years of efforts and hard work, it is time to sit back and relax. We are sending our good luck wishes to you for a happier retirement life.
Congratulations!!!!

Kentucky Licensed/Certified Appraisers

Associates 186

Licensed Residential 15

Certified Residential 733

Certified General 557

Total Number 1491

Appraisal Management Companies

Total Number 128



KENTUCKY REAL ESTATE APPRAISERS BOARD

135 W. Irvine Street, Suite 301

Richmond, KY 40475

Phone: (859) 623-1658

Fax: (859) 623-2598

Web site: www.kreab.ky.gov

BOARD MEMBERS

HAROLD G. BRANTLEY - CHAIRPERSON

Appraiser Member

Bowling Green

Term - 11/19/2015



SAM E. BLACKBURN - VICE-CHAIRPERSON

Lender Member

Frankfort

Term - 11/12/2014



G. HERBERT PRITCHETT -

Appraiser Member

Madisonville

Term - 11/12/2014

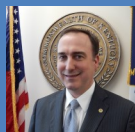


THOMAS OLIVER -

Lender Member

Glasgow

Term - 11/19/2016

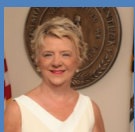


KATHY MAYFIELD -

Consumer Member

Winchester

Term - 11/19/2016



STAFF MEMBERS

[Larry Disney](#), Executive Director

[Tom Veit](#), Executive Assistant

[Angie Thomas](#), Staff Assistant

[Kim Mathias](#), Executive Secretary

Brian T. Judy, Legal Counsel

Enforcement Responsibilities

By: Larry Disney,

Executive Director



The question is often asked of the board and staff of the KREAB, "What does the board do to assist the appraisers licensed and certified in Kentucky?"

While the above is an excellent question, it could easily be asked in a different context, "What does the board do to assist the Appraisal Management Companies registered in Kentucky?"

The act requiring appraisers to be licensed and certified when appraising Kentucky properties became effective on April 7, 1992. As of June 8, 2011, the KREAB statutes also require the board to register and regulate Appraisal Management Companies prior to those groups doing business in Kentucky.

The mission of the KREAB is to protect the public interest through regulation, examination and licensing of Kentucky real estate appraisers, and the registration and regulation of Appraisal Management Companies pursuant to Kentucky Revised Statutes 324A and the subsequent administrative regulations of 201 KAR Chapter 30.

In carrying out the above mission, the board is required to approve and monitor pre-licensing and certification education, experience and testing, as well as approve and monitor continuing education that will provide the continued enhancement of the knowledge and skills of real estate appraisers.

The board is charged with investigating complaints against both real estate appraisers and Appraisal Management Companies.

The board is funded solely through fees charged to obtain and renew a license to practice real property appraising in Kentucky, and the fees paid for registration to do business in Kentucky as an Appraisal Management Company.

Given that the KREAB has the statutory authority to register and regulate two different entities, one being individual real property appraisers and the other being AMC entities, the staff and board must recognize that all actions must be taken with absolute impartiality, objectivity and without bias or concern intended for the enhancement of any licensee or registrant over the best interests of another.

The KREAB board and staff cannot act as the advocate for any individual appraiser or entity, specific purpose or cause other than to make every effort to enhance and promote the public trust in the appraisal profession, including appraisal management services through the promulgation and enforcement of the KRS 324A statutes, and the 201 KAR Chapter 30 administrative regulations.

KREAB Legal Counsel Staff Change

The Board and Staff are pleased to welcome Mr. Brian T. Judy, Assistant Attorney General, to our board. Mr. Judy began his duties as Legal Counsel for the KREAB on June 27, 2014.

[Find us on Facebook!](#)





Disciplinary Action

April 1 - June 30, 2014

Appraiser Cases Dismissed :

11-36 13-08 13-27 13-28 13-29 13-30 13-31 13-32
13-33 13-41 13-43 13-47 13-48 13-49 13-52 13-54
13-60 13-61 13-63 14-03 14-05 14-06 14-08 14-13

AMC Cases Dismissed:

12-04 AMC 12-05 AMC 14-10 AMC

Cases Filed:

Case No.: 13-45

Violation Level: II

USPAP Violations: SR 1-1(a)(b), SR 2-1 (a)(b), SR 2-2 (b)(ix)

Violation Summary: URAR Form Single Family: Appraiser did not include any extraordinary assumptions relating to the driveway or septic system, which were partly on adjacent property owners land. Highest and Best Use were not analyzed. The estimated land value did not have support for value opinion.

Agreed Order: Appraiser shall complete a 15 hour Residential Site Valuation and Cost Approach Course with successful completion of the examination. Said 15 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by December 31, 2014.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until he/she has completed the requirements of the terms set out in paragraphs (a) of this order.

Case No.: 13-46

Violation Level: II

USPAP Violations: SR 1-1(a)(b), SR 1-5(a)(b), SR 2-1(a)(b), SR 2-2(b)(viii)

Violation Summary: URAR Form Single Family: The subject's prior listing and sale were not analyzed. Did not follow recognized methods and techniques on age adjustments in the sales comparison approach. Exposure time was not reported. Highest and best use were not analyzed.

Agreed Order: Appraiser shall be fined the sum of \$1000.00 with total amount due by December 31, 2014.

Appraiser shall complete a 15 hour Residential Market Analysis and Highest Best Use Course with successful completion of the examination. Said 15 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050, §7. The course work required herein shall be completed by December 31, 2014.

Continued on page 6

Investigator Report

Currently the total number of appraiser complaints submitted for 2014 is 27, which will keep us in line with complaints received from the last three to four years (approximately 60). The total number of AMC complaints submitted for 2014 is 13. The primary complaint against AMC's is non-payment within 45 days.

201 KAR 30:375: Section 1. (1) A registrant shall make payment to an engaged appraiser for the completion of an appraisal within forty-five (45) days after the date on which the appraisal is transmitted or otherwise completed.

Several USPAP violations that are common are lack of reconciliation and when using an assumption (hypothetical or extraordinary), the lack of a reporting that the use might have affected the assignment results. **SR 2-2(a)(xi)**

The reconciliation section is where the appraiser will reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at the value conclusion. **SR 1-6(b)** Exclusion of the sales comparison approach, income approach, or cost approach must be explained. **SR 2-2(a)(viii)** Also reconcile the quality and quantity of data available and analyzed within the approaches. **SR 1-6(a)**

Investigator Report

By: Tom Veit,
Executive Assistant



APPRAISERS....

The 2014 Renewal window is closed as of July 1, 2014.

IF YOU HAVE NOT RENEWED YET AND NEED TO
REINSTATE YOUR LICENSE,
**CALL THE BOARD at (859) 623-1658
FOR INSTRUCTIONS.**

Dates for the CE requirement for
the **2015** Renewal cycle -

May 16, 2014 - May 15, 2015

The National USPAP 7 hour Up-
date is **NOT** required for 2015.

**Your renewal cycle
is coming up!!**

AMC'S...

**Renewal Application forms will be mailed AND emailed during
the second week of August. You will be required to submit a
Verification of Good Standing for each state you hold a license
in prior to renewal per [201 KAR 30:315](#) & [KRS 324A.152](#)**

Renewal Window - October 1 - 31, 2014

The KREAB office must have the
following at all times:

CURRENT

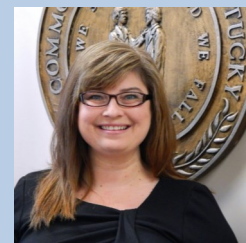
Mailing address, E-Mail address
and Telephone number per
[KRS Chapter 324A \(3\)](#).

**Beginning
March 1, 2014**

[FBI Criminal Background Checks](#)
will be required for all initial
applicants for Kentucky Real
Property appraisal credentials
per [KRS 324A 0.100](#).



Angie Thomas
Staff Assistant



Kim Mathias
Executive Secretary

Things You Need To Know...



James Reynolds Lexington, KY

Certified General Real Property Appraiser

Roy Sizemore London, KY

Certified General Real Property Appraiser

Patrick Pinkston Nicholasville, KY

Certified Residential Real Property Appraiser

Important Dates

Friday, July 4th

KREAB Office will be closed in observance of Independence Day



Friday, July 25th

Board Meeting at KREAB Office starting at 9:00 AM. Renewal Applications for AMC's registered in KY will be emailed and mailed.

Monday, August 11th

RENEWAL PERIOD: October 1 - 31, 2014

Monday, September 1st

KREAB Office will be closed in observance of Labor Day



Thursday, September 11th

KREAB Office will be closed. Board Members and Staff will be attending training at a Board Retreat at Barren River State Resort Park
1149 State Park Road
Lucas, KY 42156

Friday, September 12th

Board Meeting starting at 9:00 AM **CDT** (Central Daylight Time)
Barren River State Resort Park
1149 State Park Road
Lucas, KY 42156



Disciplinary Action

Disciplinary Action Continued from page 3

Appraiser shall submit a log of assignments to the KREAB office every 3 months for 2 years from the date the Agreed Order is signed, and the KREAB staff or designee shall have the right to request and review reports from the log upon notice to the respondent.

Appraiser agrees to have no associate appraisers for 3 years from the date of the Agreed Order.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until he/she has completed the requirements of the terms set out in paragraphs (a and b) of this order.

Case No.: 13-36

Violation Level: IV

USPAP Violations: SR 1-1(a)(b), SR 2-1(a)(b), SR 2-2

Violation Summary: Narrative Report Subdivision: Value opinion was not credible and misleading due to: incorrect number of lots, omitting costs, not supporting absorption and discount rate. Appraisal report options contradicted each other. Also used out dated terms in the 2010 – 2011 edition of USPAP.

Agreed Order: Appraiser agrees to surrender his/her Certified General Real Property Appraiser certification effective June 30, 2014.

Appraiser will be issued a Certified Residential Real Property Appraiser certification effective July 1, 2014.

Appraiser will perform all commercial or general real property appraisal assignments that require the services of a certified general appraiser, under the supervision of a Kentucky Certified General real property appraiser, and that general appraiser will sign the appraisal reports.

Case No.: 13-37 & 13-38

Violation Level: II

USPAP Violations: SR 1-2(c)(iv), SR 1-1(a)(b)(c), SR 2-1(a)(b), SR 2-2(b)(v)(viii), SR 2-3

Regulation Violations: 201 KAR 30:030

Violation Summary: Narrative Report Subdivision: Certified Residential Appraiser can only appraise up to four units. Exposure time was not reported. Number of lots were not correct. The report did not cite the source for the market value definition. Lack of summarization in the sales comparison approach. The valuation was not based on recognized methods and techniques. The report certification was not similar in content to Standards Rule 2-3.

Agreed Order: Appraiser shall be fined the sum of \$1000.00 with total amount due by December 31, 2014.

Appraiser shall submit a log of assignments to the KREAB office every 3 months for 3 years from the date the Agreed Order is signed, and the KREAB staff or designee shall have the right to request and review reports from the log upon notice to the respondent.

Appraiser agrees to no associate appraisers for 3 years from the date of the Agreed Order.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until he/she has completed the requirements of the terms set out in paragraphs (a) of this order.

Case No.: 13-44

Violation Level: II

USPAP Violations: Record Keeping Rule, SR 1-1(a)(b), SR 1-5(a), SR 1-6(b), SR 2-1(a)(b), SR 2-2(b)(ix)

Violation Summary: URAR Form Single Family: There is no mention of the airport influence in the report. Appraisal report in the work file was not a true copy. Highest and best use were not analyzed. There was no summary of the analysis between the contract price and the estimated value opinion. The reconciliation does not reconcile all three approaches to value. Exclusion of an approach must be explained.

Agreed Order: Appraiser shall complete a 15 hour Residential Sales Comparison Course with successful completion of the examination. Said 15 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050, §7. The course work required herein shall be completed by December 31, 2014.

Appraiser agrees to no associate appraisers for 3 years from the date of the Agreed Order.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until he/she has completed the requirements of the terms set out in paragraphs (a and b) of this order.